



Thomas A. Schweich
Missouri State Auditor

CITIZENS SUMMARY

Findings in the audit of the St. Louis Public School District

Financial Condition	The St. Louis Public School District had a deficit fund balance of \$55 million at June 30, 2011. While the financial condition has improved, the district will likely face new funding challenges in future years. Significant cutbacks and one-time desegregation settlement funding allowed the district to eliminate the deficit balance; however, that funding will substantially end June 30, 2014, at which time the district may have to propose significant cuts again or seek additional funding.
Student Promotion and Retention	The district does not fully comply with applicable state laws with respect to the promotion and retention of at-risk students. A district official indicated the district does not have the resources to retain all students not reading at the required grade level, and full compliance would place the district in undue financial hardship.
Educational Programs	An independent audit noted significant concerns with the district's curriculum management, and many of the concerns still exist. For example, the district's central office administration is not aware of all educational programs and is not properly evaluating these programs to determine if they are positively impacting student achievement. The district's Accountability Plan is not always accurately updated in a timely manner.
Missouri Assessment Program Testing	After media reports regarding Missouri Assessment Program (MAP) testing irregularities, the district increased the number of Quality Assurance Monitors (QAM) and the frequency of monitoring visits. In early June 2012, audit staff reviewed the monitoring forms and found the district was missing approximately 100 monitoring forms for 30 schools. At our request, the Accountability Office contacted the QAMs, but by late June 2012 no monitoring forms had been submitted for 3 schools and less than the minimum four monitoring forms had been submitted for another 12 schools. Two of the independent QAMs, who were paid \$500 by the district for 18 hours of work, had not submitted any forms. The district does not have a formal proactive process to identify and investigate unusual fluctuations in school MAP test scores or to identify schools which should be monitored more closely. Currently, it is up to each individual school to determine the extent to which compiled testing data is utilized.
Purchasing Policies and Procedures	The district contracted with the same vendor for student busing since 2004 without competitive bidding at a cost of almost \$24 million during the year ended June 30, 2012. Several sole source procurements were not adequately documented. The district did not always competitively bid purchases of goods or services or routinely solicit requests for proposals (RFP) for professional services in accordance with the district's Purchasing Guide. The district has used the same law firm as its primary legal counsel since 2007 and the same company as its primary lobbyist since 2008 without obtaining periodic RFPs. The district should improve its bidding procedures for large construction projects, and audit staff noted concerns with the development and evaluation of some RFPs.

Contracts and Disbursements	The district needs to improve its procedures for contracting for goods and services. The district has not performed a cost analysis to determine if it is more economical to hire employees to provide legal services. The district has implemented some cost containment measures, but legal costs are still substantial. The district made some payments prior to obtaining a signed contract and did not adequately monitor some service contracts. Four retired district employees were paid to perform duties as independent contractors, but it appears the district should have classified them as employees under Internal Revenue Service (IRS) rules. The district paid monthly vehicle allowances of \$800 to the Superintendent and \$300 to the former Chief Financial Officer, which do not appear reasonable, and these allowances were not reported on their W-2 forms as required by IRS rules.
Closed Session and Committee Meeting Minutes	The district sometimes approved items in closed session without later announcing in an open meeting or publicly disclosing, and in some instances discussed items in closed session that were not allowable under the Sunshine Law. Some Special Administrative Board committee meeting minutes are not prepared and approved in a timely manner.
Henry Elementary Follow-up	The district has not fully implemented all audit report recommendations cited in our previous audit report (No. 2011-66). Our previous audit cited discrepancies in attendance data which suggested intentional manipulation of attendance data, but the district has not yet corrected the attendance data, and the district has not yet begun using the audit trail logging feature to monitor changes to the student information system database.
Audit Functions	The district has not implemented many of the recommendations made by the district's independent auditor. As noted in our 2004 audit report, the district still does not have an internal audit function.

In the areas audited, the overall performance of this entity was **Fair**.*

*The rating(s) cover only audited areas and do not reflect an opinion on the overall operation of the entity. Within that context, the rating scale indicates the following:

- Excellent:** The audit results indicate this entity is very well managed. The report contains no findings. In addition, if applicable, prior recommendations have been implemented.
- Good:** The audit results indicate this entity is well managed. The report contains few findings, and the entity has indicated most or all recommendations have already been, or will be, implemented. In addition, if applicable, many of the prior recommendations have been implemented.
- Fair:** The audit results indicate this entity needs to improve operations in several areas. The report contains several findings, or one or more findings that require management's immediate attention, and/or the entity has indicated several recommendations will not be implemented. In addition, if applicable, several prior recommendations have not been implemented.
- Poor:** The audit results indicate this entity needs to significantly improve operations. The report contains numerous findings that require management's immediate attention, and/or the entity has indicated most recommendations will not be implemented. In addition, if applicable, most prior recommendations have not been implemented.